



New York City Council

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Hearing on the Mayor's Fiscal Year 2011 Preliminary Budget

Department of Buildings

March 16, 2010

Housing and Buildings Committee

Hon. Erik Martin-Dilan, Chair

Jonathan Rosenberg, Deputy Director, Finance Division
Ralph P. Hernandez, Legislative Financial Analyst

Department of Buildings Summary and Highlights

Department of Buildings Financial Summary

Dollars in Thousands

	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Preliminary	Difference 2010-2011
Spending					
Personal Services	\$82,666	\$83,985	\$85,779	\$81,748	(\$2,237)
Other than Personal Services	27,012	19,476	19,970	12,061	(7,415)
Total	\$109,678	\$103,461	\$105,749	\$93,809	(\$9,652)
Funding					
City	\$109,678	\$103,461	\$105,749	\$93,809	(\$9,652)
Total	\$109,678	\$103,461	\$105,749	\$93,809	(\$9,652)

Highlights

- The Department of Building's Preliminary Fiscal 2011 budget is 9.33 percent less than its Fiscal 2010 Adopted Budget. The \$9.65 million decrease consists of \$2.24 million in PS and \$ 7.42 million in OTPS (see page 3).
- The Department is both increasing fees (record management) and implementing new fees (low/high pressure boiler, elevator, and façade) to generate \$1.84 million in Fiscal 2010 and \$8.7 million in Fiscal 2011 (see page 6).
- The Department is creating a New Concrete Testing Unit to conduct concrete inspections, which will cost \$819,000 in Fiscal 2010 and \$885,000 in Fiscal 2011 (see page 6-7).

Department of Buildings

The Department of Buildings (DOB) ensures the safe and lawful use of over 950,000 buildings and properties by enforcing the City's Building Code, Electrical Code, Zoning Resolution, New York State Labor Law, and New York State Multiple Dwelling Law. The Department performs plan examinations, issues construction permits, inspects properties, licenses trades, and issues Certificates of Occupancy and Place of Assembly permits. Anyone who intends to demolish, alter, build an addition, or erect a new structure must obtain a building permit from the Department to ensure that the resulting property structure complies with all applicable laws.

Key Public Services Areas

- Ensure the safe and lawful use of buildings and properties by enforcing the Building Code, Zoning Resolution, and other applicable laws.
- Facilitate compliant construction through the timely delivery of services.

Critical Objectives

- Protect public safety by inspecting construction and buildings to ensure compliance.
- Prevent construction-related injuries and fatalities.
- Enforce Building Code and zoning regulations.
- Improve the enforceability of violations issued.
- Respond to public complaints in a timely manner.
- Ensure that individuals have proper qualifications to perform regulated work.
- Improve the timeliness of construction plan reviews, permit issuance, and related inspections.

SOURCE: Mayor's Management Report

Summary and Highlights

PS and OTPS 001-002

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/A's represent the amount appropriated for Personal Services (i.e. salaries) or Other Than Personal Services (i.e. supplies) for a particular program, purpose, activity, or institution. The table below presents the Department's budget from the Fiscal 2008 Actuals up to the Fiscal 2011 Preliminary Budget.

Department of Buildings Financial Summary						
<i>Dollars in Thousands</i>						
	2008 Actual	2009 Actual	2010 Adopted	2010 Jan Plan	2011 Preliminary	Difference: 2010-2011
Spending						
Personal Services	\$76,778,681	\$82,665,740	\$83,984,690	\$85,779,000	\$81,748,000	(\$2,236,690)
Other than Personal Services	22,631,138	27,012,091	19,476,065	19,970,000	12,061,000	(7,415,065)
Total	\$99,409,819	\$109,677,831	\$103,460,755	\$105,749,000	\$93,809,000	(\$9,651,755)
Funding						
City	\$99,409,819	\$109,677,831	\$103,460,755	\$105,749,000	\$93,809,000	(\$9,651,755)
Total	\$99,409,819	\$109,677,831	\$103,460,755	\$105,749,000	\$93,809,000	(\$9,651,755)
Headcount						
Full-time Positions	1,162	1,349	1,297	1,289	1,232	(65)

The Department of Building's Preliminary Fiscal 2011 budget is 9.33 percent less than its Fiscal 2010 Adopted Budget. The \$9.65 million decrease consists of \$2.24 million in PS and \$ 7.42 million in OTPS.

The PS budget decrease is largely the result of prior year PEGs (Program to Eliminate Gap) in which DOB had agreed to reduce their authorized headcount by 65, largely to accommodate a downturn in the construction activity. DOB is distributing these headcount reductions in Fiscal 2010 and will take out the budget associated with certain vacant positions by the start of Fiscal 2011. DOB has not had to resort to laying off employees and anticipates that all reductions will come through natural attrition. DOB believes that it will still be able to achieve its goals with a lower headcount.

Of the \$7.42 million OTPS reduction, the majority is likely to be restored prior to the Fiscal 2011 Adoption, including contracts for temporary workers (\$1.2 million) and elevator inspectors (\$3.1 million), which is to be supported by fee revenues.

Since Mayor Bloomberg's first year in office in 2002, the Department has increased its budget by more than \$42 million in response to the booming construction industry and in an effort to strengthen the Department's operations. The current Fiscal 2011 Preliminary Budget for the Department is \$93.8 million, which is 81.1 percent more than the \$51.8 million appropriated in the Fiscal 2003 Adopted Budget. During the same fiscal periods, revenues have also increased by \$38.8 million as the result of increase revenues from licenses and permits, fees, and fines. The current projected revenue for the Fiscal 2011 Preliminary Budget for the Department is \$129.1 million, which is 42.9 percent more than the \$90.3 million the Department generated in Fiscal 2003 (See table on page 4)

Department of Buildings Revenue & Expense Budget Summary

Dollars in thousands

	FY03 Actual Budget	FY07 Modified Budget	FY08 Modified Budget	FY09 Modified Budget	FY10 Modified Budget	FY11 Preliminary Budget
REVENUE						
LICENSES and PERMITS	\$59,868	\$82,141	\$82,496	\$98,091	\$88,601	\$88,946
FEES	21,484	21,340	22,320	21,700	23,020	28,897
FINES	8,969	6,250	6,250	24,000	11,250	11,250
TOTAL	\$90,321	\$109,731	\$111,066	\$143,791	\$122,871	\$129,093
EXPENSE						
TOTAL	\$51,800	\$85,987	\$99,295	\$110,951	\$103,461	\$93,809

Performance Measures

The following performance measures were reported in the Mayor’s Management Report for DOB.

	FY 07	FY 08	FY 09	4 Month Actual FY 10	Target FY 11
DOB INSPECTIONS:					
Construction inspection completed	229,191	229,157	244,585	76,852	*
Number of Priority A (emergency) complaints received by 311	20,274	24,457	22,114	6,904	*
Number of Priority B (non-emergency) complaints received by 311	83,905	92,509	89,134	30,482	*
Number of Priority A complaints responded to	20,305	24,185	22,145	6,871	*
Number of Priority B complaints responded to	84,629	92,786	89,217	26,899	*
VIOLATIONS, INJURIES, and DOB RESPONSE:					
Percent of incident inspections resulting in violations	30.1%	75.1%	74.1%	77.3%	*
Number of construction related incidents	398	474	543	213	*
Number of construction related injuries	116	167	233	88	*
Number of construction related fatalities	15	25	5	1	*
Investigations resulting in enforcement action	228	355	390	170	*
Violations and summonses issued to individuals for work without proper qualifications	406	369	555	183	*
Environmental Control Board violations issued	50,685	63,575	76,870	21,284	*
DOB PERMITS ISSUED:					
Licenses and registration issued (new and renewal)	12,549	16,426	15,280	5,168	*
New Buildings	6,929	4,543	3,039	461	*
Alterations I (major renovation)	7,465	6,378	4,924	1,379	*
Alterations II (minor renovation)	59,436	64,605	56,479	18,366	*
DOB CERTIFICATION:					
Certificate of Occupancy issued	13,020	11,307	9,219	2,711	*
Jobs professionally certified (%)	48.5%	47.5%	45.5%	47.6%	
Jobs professionally certified that were audited (%)	24.3%	26.3%	24.2%	20.0%	20.0%
Audits of professionally certified jobs resulting in renovation notices (%)	21.5%	35.2%	26.0%	21.7%	*

Prior to the recent recession, New York City was in the midst of a construction boom. As a result DOB saw a huge increase in the number of construction inspections. Between Fiscal 2007 and Fiscal 2009, inspections increased by 6 percent. The increase in construction activity has led to an increase in Priority A emergency complaints (9.1%) and construction injuries (101%). Further, the violations and summonses issued by DOB have increased by 37% while those issued by the Environmental Control Board have increased by 52%. DOB has not had to layoff staff and, thus, has been able to respond quickly to construction related issues.

Preliminary Budget Action Analysis

Program to Eliminate the Gap (PEG)

As part of the citywide PEG program, the Department was required to come up with cost savings in its Fiscal 2011 expense budget. As a result of the agency's revenue generating ability, DOB was able to meet its PEG target through the implementation and increase of several fees. The agency's Fiscal 2011 Preliminary budget includes \$1.84 million in additional revenue for Fiscal 2010 and \$8.7 million additional revenue in Fiscal 2011:

- **Record Management Fees.** The Department will increase records of management fees for scanning and microfilming documents from \$35 to \$45 for residential and \$165 for commercial applications. The purpose of the fee increase is to offset the cost of record management for all job applications of New Building and Alterations 1, 2, and 3. Record management includes scanning, imaging, off-site storage and microfilming. The proposed increase is \$45 for 1, 2, and 3 family homes and \$165 for all other properties such as multiple dwelling and commercial. The Department is projecting filings of 54,800 applications annually.
- **Low and High Pressure Boiler Application Fees:** The Department will establish new fees for low and high pressure boiler applications. The provisions in the low pressure and high pressure boiler rules require new filing requirements for the following: affirmation of correction of unsafe boiler (\$30); request for waiver of violations (\$30); certification of removal (\$45); and extensions (\$15). The new proposed fees will generate \$170,000 in Fiscal 2010 and \$500,000 in Fiscal 2011 and in the outyears.
- **Elevator Application Filing Fees:** The Department will generate additional revenue by implementing various elevator application fees. The provisions in the elevator rules require new filing requirements for the following: affirmation of correction of unsafe elevator (\$45); request for waiver of violations (\$40); and three year and five year reports for hydraulic type elevators (\$45). The new proposed fees will generate \$400,000 in Fiscal 2010 and \$1.7 million in Fiscal 2011 and in the outyears.
- **Façade Application Filing Fees:** The Department will institute new façade application fees. The provisions in the facade rule require fees for existing filing requirements (reports) for the following: façade walls reports (\$275); amendments (\$100); and extensions (\$140). The new proposed fees will generate \$270,000 in Fiscal 2010 and \$80,000 in Fiscal 2011 and in the outyears.

New Needs

The January Plan contains \$819,000 in Fiscal 2010 and \$885,000 in Fiscal 2010 in City-funded new needs for U/As 001 and 002 in the Fiscal 2011 Preliminary Budget:

- **New Concrete Testing Unit:** The Department's January Plan includes an increase of \$819,000 in Fiscal 2010 and \$885,000 in Fiscal 2011 and the out-years for the New Concrete Testing Unit, which will consist of eight personnel including 1 Executive Director, 1 Chief Plan Examiner, 5 Plan Examiners, and 1 Attorney. This unit would perform field inspections on construction sites that are conducting concrete operations. The field inspection would check for safety practices, proper procedures, and storage and transport for concrete operations. A portion of the field inspections would audit concrete

through the use of concrete cylinder tests, which are to be checked in Department of Design and Construction (DDC) labs.

Other Adjustments

The January Plan contains \$1.47 million in Fiscal 2010 and Fiscal 2011 in City-funded other adjustments:

- **Collective Bargaining:** The Department's budget increased by \$1.47 million in Fiscal 2010 and Fiscal 2011 to cover the costs associated with collective bargaining settlements.

Appendix A: Budget Actions in the November and January Plans

<i>Dollars in Thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as of June 2009 Plan	\$103,461	\$0	\$103,461	\$91,456	\$0	\$91,456
Program to Eliminate the Gap (PEGs)						
Records Management Fees	(\$1,000)	\$0	(\$1,000)	(\$5,700)	\$0	(\$5,700)
Low and High Pressure Boiler Application Fees	(170)	0	(170)	(500)	0	(500)
Elevator Application Filing Fees	(400)	0	(400)	(1,700)	0	(1,700)
Façade Application Filing Fees	(270)	0	(270)	(800)	0	(800)
Total PEGs	(\$1,840)	\$0	(\$1,840)	(\$8,700)	\$0	(\$8,700)
New Needs						
New Concrete Testing Unit	\$819	\$0	\$819	\$885	\$0	\$885
Total New Needs	\$819	\$0	\$819	\$885	\$0	\$885
Other Adjustments						
CWA Collective Bargaining	\$168	\$0	\$168	\$168	\$0	\$168
Managers/OJ Collective Bargaining	1,301	0	1,301	1,301	0	1,301
Less PEG Program Reflected in Revenue Budget	1,840	0	1,840	8,700	0	8,700
Total Other Adjustments	\$3,309	\$0	\$3,309	\$10,169	\$0	\$10,169
Agency Budget as of January 2010 Plan	\$105,749	\$0	\$105,749	\$93,810	\$0	\$93,810

Appendix B: Reconciliation of Program Areas to Units of Appropriation

Dollars in Thousands

	Personal Services	OTPS
	001	002
Additional Gross Pay	\$1,011,889	
Amounts to be Scheduled	804,719	
Fringe Benefits	0	
Full-Time Salaried - Civilian	77,574,224	
Full-Time Salaried - Uniformed	0	
Other Salaried and Unsalariad	557,782	
Overtime - Civilian	1,799,555	
P.S. Other	0	
Contractual Services		\$4,916,779
Fixed and Misc Charges		0
Other Services and Charges		4,049,666
Property and Equipment		1,011,826
Supplies and Materials		2,082,690
TOTAL	\$81,748,169	\$12,060,961